

TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 27TH SESSION:

COUNCIL - PART VII

Informal Working Group on Financial terms

Please fill out one form for each textual proposal which your delegation(s) wish(es) to amend, add or delete and send to council@isa.org.im.

1. Name of Working Group:

Informal Working Group on Financial terms

2. Name(s) of Delegation(s) making the proposal:

China

3. Please indicate the relevant provision to which the textual proposal refers.

Regulation 70 Payment of royalty shown by royalty return

4. Kindly provide the proposed amendments to the regulation or standard or guideline in the text box below, using the “track changes” function in Microsoft Word. Please only reproduce the parts of the text that are being amended or deleted.

***Note: China’s amendments are in Blue**

1. A Contractor shall pay the royalty due for a royalty return period on the Day the royalty return is required to be lodged. [~~The Council may request the advance payment of any royalty due by way of instalment where special circumstances exist, in accordance with relevant Standards and [Guidelines] [rules, regulations and procedures of the Authority], to reflect for instance impacts on ecosystem services and the natural capital.~~]

5. Please indicate the rationale for the proposal. [150-word limit]

1. Currently, royalties are paid every six months, which is a short cycle. If an advance payment is required, it will undoubtedly put unreasonable management and financial pressure on the contractor.
2. The reason for the advance payment is to reflect the impact on ecosystem services and natural capital in special circumstances. What are special circumstances? If there is a significant impact on the environment, mining activities need to be stopped immediately rather than making an advance payment; if the economic valuation of ecosystem services and natural

capital has been clarified, payment can be made according to the normal process without an advance payment.